



Senior Leader Guidance on Way Ahead for USMC ABC Capability (Cost and Performance Information)

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The Warfighting Principle of Focus

MCDP 1

Warfighting



U.S. Marine Corps

PCN 142 000006 00

"To devote means to unnecessary efforts or excessive means to necessary secondary efforts

violates the principle of focus....

Focus applies not only to the conduct of war but also to the **preparation for war.**"

ABCM is designed to help us achieve this focus through a fact-basis for installation resource decisions.



Agenda and Purpose

- **Brief Senior Leadership on:**
 - Demand for USMC Cost and Performance Information
 - The role Activity-based Costing (ABC) plays in providing Cost and Performance (C&P) information
 - Potential COAs for generating C&P/ABC information
- **Seek direction on:**
 - Course that USMC should take regarding the collection of Cost and Performance information in general, and ABC information in particular



Purpose of ABC for the USMC

Substantiate POM Initiatives

- Build Balanced Scorecard
- **Identify Cost Drivers**
- **Quantify POM initiatives**
- **Conduct Comparative analysis**

Demonstrate program costs

- **Support CPI/Lean Six Sigma**
- **Identify Indirect Overhead Costs**
- **Calculate Total Cost of Service**
- **Calculate Unit Costs**

Apply Execution data

- **Benchmarking & Best Practices**
- **BRAC, MOU negotiations**
- **SFFAS #4 compliance**
- **DRRS, CDIS, PAR support**



Background

- **USMC Enterprise ABC effort began in April 1999**
 - LF introduced ABC to bases (mid 90's) using Army Corps of Engineers model
 - Enterprise ABC requested for local use by MarFor/base commanders in Apr 98 to support POM98 and A-76 wedges
 - Enterprise ABC was approved by ACMC - assigned to LR for implementation
 - Competition for software provider completed in Jun 99 - installed at 22 sites by 2000
 - Per base MarFor/ base commander input, LR coordinated development of model standards in 00 -02 - permitting comparative analysis of base operations data
 - Shared data warehouse created single interface to legacy systems greatly simplifying work of installation ABC models at 22 sites by 2005
- **ROI on ABC investment**
 - Invested approximately \$6M for software, training, consultant support
 - Return reported by MARFORS approximately \$35M in FY01(met POM wedge)
 - Installations complied with FASAB cost management standards
 - Developed internal ABC capability and ended reliance on consultants
 - Enhanced USMC reputation. Awarded CAM-I's Cost Management Award in 2005



ABC - Current Situation

No steady HQ demand for ABC information

- Data occasionally used at HQ level on ad hoc RFI basis
- Primary HQ customers, LF & MCCS, do not use at all

Demand for ABC results by field commanders mixed

- MARFORCOM, MARFORPAC and LOGCOM would like to continue ABC
- Some bases and HQ elements would like to discontinue ABC
- MCI West briefed Marine Installation Board on information needs - May 07

Installation ABC models are now out of date

- Current ABC models too complex, not updated in a year
- Lost use of models for benchmarking
- Current ABC software needs to be upgraded



Coordination

- **Conducted detailed field survey during 2006**
- **Coordinated proposed way ahead in 2007 MCATS tasker**



ABC Courses of Action

- **COA1: Discontinue ABC Support** (cost = \$0)
 - Bases not required to use ABC
 - No HQ support for data warehouse
- **COA2: Continue ABC on Life Support** (\$600K FY08)
 - COA 2a -- Bases not required to use ABC
 - COA 2b - Bases required to submit ABC models
 - HQ supports data warehouse, ABC Model simplified, standardized.
- **COA3: Revitalize ABC Capability** (\$1.6M)
 - Bases required to use standard ABC model framework
 - ABC software upgraded and modelers trained in its use
 - ABC model results are used by MCIs for benchmarking
 - USMC-wide data can be used to support USMC cost and performance requirements: CDIS, POM, DRRS, PART, PAR



Course of Action Positions

<u>MCRD PI:</u>	<u>COA3</u>	Revitalize
Support		
MARFORCOM	COA2	
MARFORPAC	COA2	Continue
Life Support		
<u>LOGCOM</u>	<u>COA2</u>	(As is)
MARFORRES		COA1
MCCS	COA1	
MCB QUANTICO	COA1	Discontinue
Support		
I&L (LF)	COA1	
MCRD SD	COA1	
ABC USER SURVEY RESULTS		COA2



COA 1: Discontinue ABC Support

COA 1: Discontinue HQ ABC support of data warehouse.

- Bases have option to use ABC software.
- HQ Stops funding data warehouse and modeling COP support
- No cost
- **Pros:**
 - Allows for redirection of installation BPO staff
- **Cons:**
 - Visibility lost about what work consumes time spent by 17,000 Marines assigned to bases and stations
 - Loss of cost management capability still requested by bases
 - Loss of tool that could be of useful for LSS, DRRS, CDIS.
 - Data warehouse saves many hours of time to extract data from 8 legacy systems. Instead of one inquiry, will have potentially 22 inquiries into each legacy system.



Continue ABC On Life Support

COA 2a: HQ funds only ABC Data Warehouse support, bases sustain modeling COP.

- Bases not required to build or post standard ABC models.
 - HQ coordinates simplified ABC model standardization.
 - HQ funds \$600K to support shared data warehouse
-
- **Pros:**
 - Base commanders continue to receive requested ABC support
 - Full cost of operations is calculated in accordance with SFFAS#4
 - Visibility is gained about what work consumes time spent by 17,000 Marines assigned on bases and stations.
 - Data warehouse reduces work at all bases to populate models
 - **Cons:**
 - Optional ABC models precludes region-wide benchmarking
 - No support for USMC-wide CDIS reporting requirements
 - Funds to support data warehouse have not been identified.



COA 2b: Continue ABC on Life Support

COA 2b: HQ funds only ABC Data Warehouse support, bases sustain modeling COP.

- Bases required to build and post standard ABC models.
- HQ coordinates simplified ABC model standardization.
- HQ funds \$600K to support shared data warehouse

- **Pros:**

- Base commanders continue to receive requested ABC support
- Full cost of operations is calculated in accordance with SFFAS#4
- Visibility is gained about what work consumes time spent by 17,000 Marines assigned to bases and stations
- Since all bases required to complete ABC models, data can be used by MCI's to benchmark performance
- ABC results can be used to defend POM filings, CDIS elements.
- Data warehouse reduces work at all bases to populate models

- **Cons:**

- Using older version of ABC software is labor intensive
- Funds to support data warehouse have not been identified.



COA 3: Revitalize ABC Capability

COA 3: HQ Funds software upgrade, modeler training.

- Bases required to build and post standard ABC models.
 - HQ coordinates ABC model standardization.
 - HQ funds \$1.6M to support warehouse, training, software refresh
- Pros:
 - Total cost of operations is calculated in accordance with SFFAS#4.
 - Visibility is gained about what work consumes time spent by 17,000 Marines assigned to duty on bases and stations
 - Data can be used to satisfy cost and performance data requirements: LSS, CDIS, DRRS, etc.
 - New software is compatible with NMCI, supported by vendor
 - New software is compatible with CNI = integrated DON capability.
- Cons:
 - Base commanders have not indicated need for upgraded software
 - Funds to support data warehouse, purchase and install new ABC software, and train users, have not been identified.



Recommendation

COA 3: Revitalize ABC Capability

- Bases required to build and post standard ABC models.
- HQ coordinates ABC model standardization.
- HQ funds \$1.6M to support warehouse, training, software refresh

• Pros:

- Total cost of operations is calculated in accordance with SFFAS#4.
- Visibility is gained about what work consumes time spent by 17,000 Marines assigned to duty on bases and stations
- Data can be used to satisfy cost and performance data requirements: LSS, CDIS, DRRS, etc.
- New software is compatible with NMCI, supported by vendor
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• Cons:

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Backup



Selected Comments - MCATS May 07

In Favor

ABC data provides a holistic view of resource consumption

MARFORPAC

ABC supports process improvement programs

MARFORCOM

“ABC used successfully for A76, Lean Six Sigma, and strategic planning.”

MCRD Parris Island

Opposed

ABC Data not timely, relevant.

MARFORRES

Resources not available to do both ABCM and Continuous Process Improvement (CPI)

MARCORBASESLANT

ABC data is “unusable or unavailable.”

I&L (LF)



30 Jan ABC Survey/Report

Report by John Miller, Jim Schmook, and Steve Player

- **Initial local use by base commanders to reduce operating costs and meet budget realignment objectives worked**
- **Subsequent enterprise efforts to standardize models have not achieved expectations**
- **The appropriated fund environment of “spend or lose funding” militates against cost reducing initiatives**
- **PPBES driven culture is displacing the ABC/M effort**
 - PPBES could be leveraging ABC as only source of total cost and mil labor
 - Use of ABCM to support decisions is low at all command levels
 - Current usage, benefits and ROI do not meet expectations
- **3 COAS identified**
 - Make ABC/M optional
 - Revise the strategy and refresh the software
 - Modify ABC/M to a limited MC Cost/performance requirement



Who Demands Cost and Performance Data?

CONGRESS

Prepare performance plan covering each program in the budget

GPRA

PRESIDENT

Integrate performance with associated cost.

President's Management Agenda

SECDEF

Integrate Budget and Performance

**MID910
FASAB**

Managerial Cost Account Standards
SFFAS #4

SECNAV

All costs associated with the process... must be considered [emphasis added]
SECNAV Memo

CMC

"Analyze cost and performance data...."
MARADMIN 320/03

CNO

" Readiness at cost."
Navy Playbook, June 2007



Program Assessment Rating Tool (PART)

DoD Base Operations & Support

2006 Assessments by

OMB

US Army Rating:

Performing

"The Army has managed to continue providing critical services with little to no interruption...."

US Navy Rating:

Performing

"The program has a clear purpose and is guided by useful performance measures...."

US Air Force Rating:

Not Performing

"The program lacks a uniform set of performance measures to ensure efficient allocation of resources across air bases worldwide."

US Marine Corps Rating:

Not Performing

"The program lacks outcome-based metrics that would enable military leadership to determine whether base support services are provided at an appropriate level."



What Cost and Performance Information Can Mean to the Warfighter

CMC
(Strategic Readiness)

Are Forces Ready?
DoD Balanced Scorecard

MEF
(Tactical Readiness)

Launch Aircraft
DRRS

Outcome Metrics

Hours to Initiate Launch

Night Launch/Recovery Cycle Time

Day Launch/Recovery Cycle Time

HQMC
(POM-Cost of 80%/90%/100% Availability)

Airfield Support
CDIS

Output Metrics

% Airfield Operational

% ATC Equipment Operational

% Weather Forecasts Accurate

MCI
(Efficient Operations)

Aviation Operations
ABC

Unit Costs

Cost per aircraft launched

Cost/hr ATC operations

Cost per Weather forecast



Example of ABC Total Cost Information

Summary of 37 Major Business Processes

USMC Installations	FTE	1/	Personnel	Supplies	Travel	Contracts	Equipment	Utilities	Transportation	Printing	Other Expenses	Personnel Other	Total Expenses										
Log Bases																							
MCLB Albany	629	\$	39,277,596	\$	5,166,976	\$	709,328	\$	12,726,457	\$	1,165,462	\$	4,948,405	\$	51,615	\$	2,031	\$	-	\$	1,267,732	\$	65,315,602
MCLB Barstow	167		38,980,597		2,575,605		403,420		22,059,060		2,136,704		4,881,109		35,041		22,384		339		21,997		71,116,256
Subtotal Log Bases	796		78,258,193		7,742,581		1,112,748		34,785,517		3,302,166		9,829,514		86,656		24,415		339		1,289,729		136,431,858
MARFORPAC																							
MCB Camp Butler	5,781		198,988,118		39,928,898		4,348,181		47,740,941		11,704,645		26,773,673		333,461		137,336		1,133,070		37,261,290		368,349,613
MCAS Miramar	1,388		60,403,907		9,048,057		1,524,174		31,931,827		2,080,950		16,078,195		256,363		-		674,989		15,523,158		137,521,620
MCAS Yuma	1,391		44,898,328		9,529,967		978,905		25,551,552		1,413,650		5,195,950		190,022		-		2,869,930		15,534,350		106,162,654
MCAGTFTC 29 Palms	2,431		83,524,224		45,224,699		1,277,525		47,234,932		3,334,015		14,422,415		8,973		298,614		1,959,112		14,737,694		212,022,203
MCAS Iwakuni	2,143		75,107,450		16,259,810		1,280,011		12,862,443		3,088,006		253,671		-		3,360		2,264,829		14,055,253		125,174,833
MCB Camp Pendleton	2,608		129,737,385		31,047,048		1,717,601		65,421,097		9,966,268		13,156,038		(47,135)		97,723		3,298,786		9,342,134		263,736,945
MCB Hawaii	2,322		82,298,190		44,715,180		1,996,580		40,275,050		187,974		14,230,111		-		-		1,297,356		70,042,280		255,042,721
MCAS Camp Pendleton	346		14,378,594		1,769,570		116,963		961,909		122,957		2,127,919		-		-		33,521		3,538,260		23,049,693
Subtotal MARFORPAC	18,410		689,336,196		197,523,229		13,239,940		271,979,751		31,898,465		92,237,972		741,684		537,033		13,531,593		180,034,419		1,491,060,282
MCRD																							
MCRD San Diego	1,944		115,307,535		13,992,740		906,905		26,058,903		1,777,256		7,150,536		151,579		-		243,916		5,839,121		171,428,491
MCRD Parris Island	2,270		111,754,913		35,089,167		1,102,555		34,605,552		2,272,860		5,434,694		-		8,292		283,712		294,573		190,846,318
Subtotal MCRD	4,214		227,062,448		49,081,907		2,009,460		60,664,455		4,050,116		12,585,230		151,579		8,292		527,628		6,133,694		362,274,809
MARFORLANT																							
MCAS Cherry Point	2,606		99,416,973		16,180,121		1,233,686		39,066,005		2,415,995		15,250,942		1,550		94,282		395,017		22,090,629		196,145,200
MCAS Beaufort	1,542		47,180,083		5,908,152		466,741		32,345,455		1,216,193		5,549,672		16,500		122		1,143,609		17,739,561		111,566,088
MCAS New River	921		28,049,761		3,474,586		209,651		2,362,471		364,756		161,181		-		15,510		951,032		10,252,344		45,841,292
MCAF Quantico	256		13,293,402		1,568,500		91,568		8,128,812		20,403		139,704		-		720		12,600		90,665		23,346,374
MCB Camp Lejeune	4,704		170,012,811		134,780,334		3,655,318		122,627,939		15,971,893		31,737,658		2,079,581		378,553		4,289,042		106,532,109		592,065,238
Subtotal MARFORLANT	10,029		357,953,030		161,911,693		5,656,964		204,530,682		19,989,240		52,839,157		2,097,631		489,187		6,791,300		156,705,308		968,964,192
Other Commands																							
MCSD Kansas City	160		9,972,333		793,602		297,366		3,748,775		313,825		1,535,908		26,449		52,666		73,437		217,460		17,031,821
MCB Quantico	2,065		103,970,415		21,278,364		1,324,728		44,235,297		3,558,275		15,380,494		77		161,971		94		92,196		190,001,911
Marine Barracks 8th and I	944		44,179,059		3,492,137		1,165,675		3,295,852		929,936		3,003,602		23,981		43,841		1,506,345		-		57,640,428
Subtotal Other Commands	3,169		158,121,807		25,564,103		2,787,769		51,279,924		4,802,036		19,920,004		50,507		258,478		1,579,876		309,656		264,674,160
USMC Headquarters	36,618	\$	1,510,731,674	\$	441,823,513	\$	24,806,881	\$	623,240,329	\$	64,042,023	\$	187,411,877	\$	3,128,057	\$	1,317,405	\$	22,430,736	\$	344,472,806	\$	3,223,405,301

1/ FTE =Total Civilian, NAF and Military

ABC FTE Information Sample

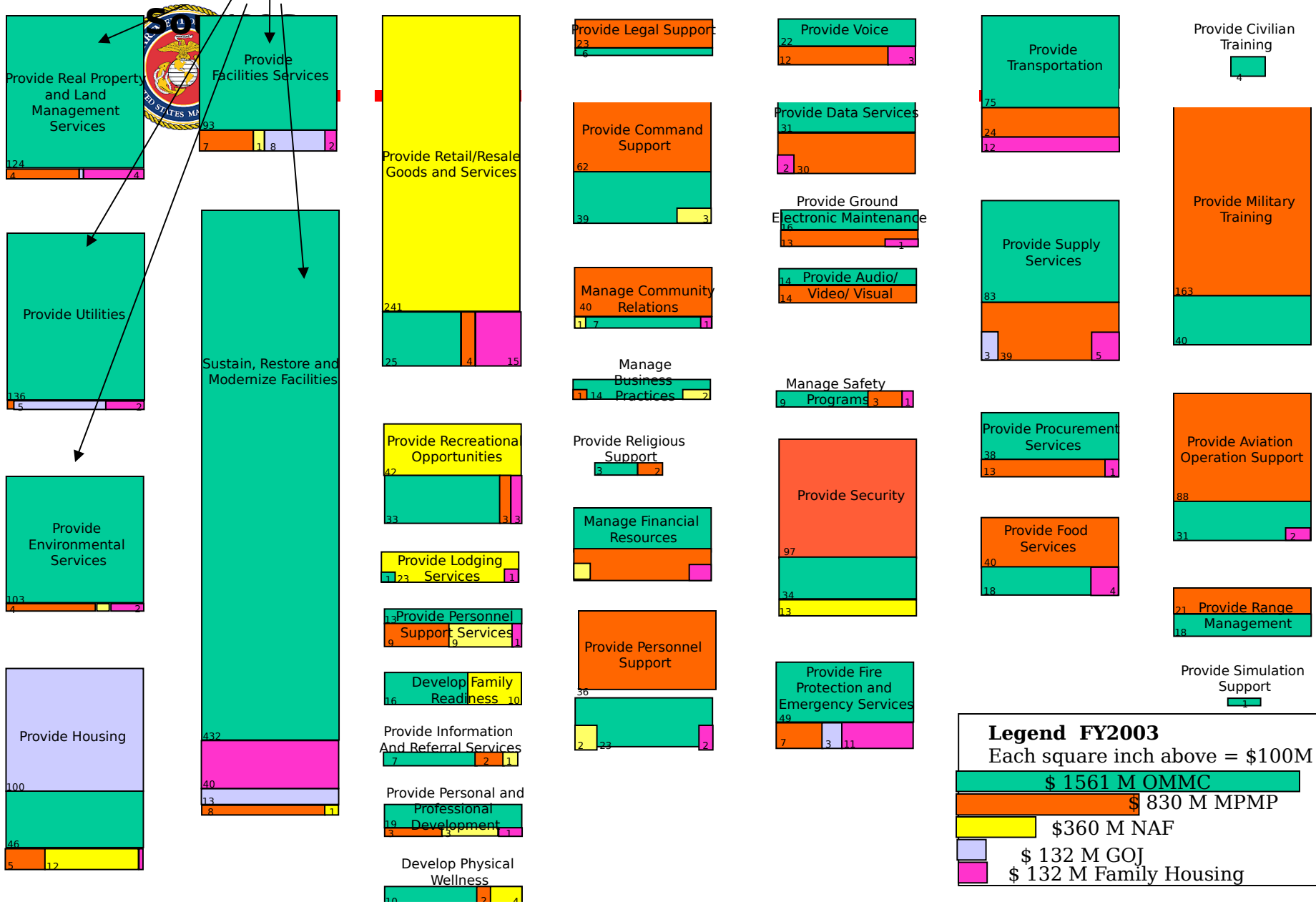
FY03								
	Family Housing	OMMC	Military	NAF	O&M Def	National	Other	Totals
Command and Staff Support	10.27	1,235.02	4,148.67	273.00	11.41	157.13	1.27	5,837.62
Provide Command Support	4.67	274.29	1,017.06	28.00	5.93	8.00	0.00	1,337.96
Manage Financial Resources	4.91	424.58	488.93	64.00	0.00	60.65	0.00	1,043.85
Provide Legal Support	0.00	63.87	345.54	0.00	0.00	9.00	0.00	418.41
Provide Personnel Support	0.41	320.85	1,363.17	181.00	5.20	48.56	0.00	1,919.19
Manage Community Relations	0.28	47.78	812.70	0.00	0.28	21.57	0.27	882.88
Manage Business Practices	0.00	87.24	11.33	0.00	0.00	5.35	1.00	105.00
Provide Religious Support	0.00	16.40	109.94	0.00	0.00	4.00	0.00	130.34
Information Technology	1.00	418.60	1,205.23	1.00	0.99	167.94	0.00	1,794.75
Provide Data Services	1.00	225.65	656.58	1.00	0.99	56.94	0.00	942.17
Provide Voice	0.00	128.68	271.89	0.00	0.00	78.00	0.00	478.57
Provide Ground Electronic Maintenance	0.00	64.26	276.75	0.00	0.00	33.00	0.00	374.01
Logistics Support	1.00	1,114.93	2,052.92	4.00	0.00	636.22	0.00	3,811.07
Provide Supply Services	0.00	277.66	777.69	0.00	0.00	131.38	0.00	1,186.72
Provide Transportation	1.00	512.15	532.47	0.00	0.00	306.99	0.00	1,353.60
Provide Food Services	0.00	30.94	443.21	0.00	0.00	161.08	0.00	635.23
Provide Procurement Services	0.00	294.19	299.56	4.00	0.00	36.77	0.00	635.52
Security and Safety	42.70	1,198.92	2,827.08	17.00	0.00	584.51	0.00	4,670.21
Provide Security	0.00	318.82	2,601.35	17.00	0.00	329.81	0.00	3,266.98
Provide Fire Protection and Emergency Services	42.70	764.89	172.49	0.00	0.00	232.70	0.00	1,212.78
Manage Safety Programs	0.00	115.21	53.24	0.00	0.00	22.00	0.00	190.45
Facilities and Land Management	305.59	3,090.06	601.47	101.63	0.00	1,226.94	0.00	5,325.69
Provide Housing	142.53	171.99	99.76	36.11	0.00	11.70	0.00	462.09
Provide Facilities Services	11.96	502.74	132.42	49.00	0.00	45.91	0.00	742.02
Sustain Restore and Modernize Facilities	133.87	1,089.58	165.46	0.00	0.00	999.68	0.00	2,388.59
Provide Environmental Services	0.99	407.97	77.55	16.52	0.00	40.93	0.00	543.96
Provide Real Property and Land Management Services	1.99	304.65	120.12	0.00	0.00	79.28	0.00	506.05
Provide Utilities	14.25	613.13	6.15	0.00	0.00	49.44	0.00	682.97
Community Services	0.00	941.28	462.18	3,662.82	107.60	903.05	21.01	6,097.95
Provide Recreational Opportunities	0.00	223.46	72.06	801.87	0.38	141.21	4.58	1,243.57
Provide Personal and Professional Development	0.00	167.74	56.64	121.82	19.24	51.75	0.02	417.21
Provide Personal Support Services	0.00	82.97	174.29	5.42	71.29	39.00	5.86	378.82
Provide Lodging Services	0.00	3.58	4.02	294.55	0.00	48.85	0.00	351.00
Provide Retail/Resale Goods and Services	0.00	168.79	67.85	2,002.29	0.05	606.54	1.98	2,847.50
Develop Family Readiness	0.00	136.03	3.54	174.09	0.40	6.50	1.77	322.33
Develop Physical Wellness	0.00	60.81	35.84	247.78	0.00	2.89	3.13	350.45
Provide Information and Referral Services	0.00	97.92	47.94	15.00	16.24	6.31	3.66	187.06
Training and Operations Support	1.09	723.22	5,879.81	7.28	0.48	86.53	0.00	6,698.41
Provide Military Training	0.00	226.37	3,255.59	6.50	0.00	17.00	0.00	3,505.47
Provide Range Management	0.00	164.37	465.68	0.00	0.00	7.00	0.00	637.04
Provide Visual Information	0.00	66.39	299.75	0.00	0.00	16.60	0.00	382.74
Provide Civilian Training	1.09	54.68	5.02	0.78	0.48	1.73	0.00	63.77
Provide Simulation Support	0.00	9.42	4.51	0.00	0.00	0.00	0.00	13.93
Provide Aviation Operation Support	0.00	202.00	1,849.26	0.00	0.00	44.20	0.00	2,095.46
Not Attributed	0.00	158.52	913.67	0.00	0.91	0.00	0.00	1,234.71
Installation Process Totals	361.64	8,880.56	18,091.02	4,066.73	121.39	3,762.32	22.28	35,470.41

Sample ABC Info



Installation TOTAL	FY 2000	% of Total	FY 2001	% of Total	FY 2004	% of Total	FY 2005	% of Total	FY00-01 % Change	FY01-04 % Change
Total Support and Revenue	\$2,664,343,336	100.00%	\$2,964,432,709	100.00%	\$3,300,208,616	100.00%	\$2,676,224,264	100.00%	11.26%	11.33%
General and Administrative Overhead										
Personnel Support	\$71,608,136	2.69%	\$54,788,303	1.85%	\$122,228,950	3.70%	\$91,422,287	3.42%	-23.49%	123.09%
Provide Command Support	\$92,986,590	3.49%	\$62,194,979	2.10%	\$134,710,575	4.08%	\$78,778,336	2.94%	-33.11%	116.59%
Manage Financial Resources	\$73,549,450	2.76%	\$58,010,977	1.96%	\$74,927,096	2.27%	\$59,512,491	2.22%	-21.13%	29.16%
Provide Legal Support	\$18,521,967	0.70%	\$20,829,421	0.70%	\$35,116,619	1.06%	\$31,131,116	1.16%	12.46%	68.59%
Manage Community Relations	\$27,039,280	1.01%	\$27,728,428	0.94%	\$33,428,320	1.01%	\$31,828,153	1.19%	2.55%	20.56%
Provide Religious Support	\$11,225,793	0.42%	\$11,915,657	0.40%	\$14,199,986	0.43%	\$9,084,139	0.34%	6.15%	19.17%
Manage Business Practices	\$50,145,826	1.88%	\$10,846,036	0.37%	\$12,959,216	0.39%	\$6,564,299	0.25%	-78.37%	19.48%
Command and Staff Support	\$345,077,042	12.95%	\$246,313,801	8.31%	\$427,570,762	12.96%	\$308,320,821	11.52%	-28.62%	73.59%
Available for Program Services	\$2,319,266,294	87.05%	\$2,718,118,908	91.69%	\$2,872,637,854	87.04%	\$2,367,903,443	88.48%	17.20%	5.68%
Support for Operating Forces										
Provide Housing	\$100,940,481	3.79%	\$130,852,682	4.41%	\$160,471,028	4.86%	\$118,011,630	4.41%	29.63%	22.63%
Provide Facilities Services	\$94,570,028	3.55%	\$100,203,834	3.38%	\$129,492,443	3.92%	\$155,264,751	5.80%	5.96%	29.23%
Sustain Restore and Modernize Facilities	\$426,514,411	16.01%	\$438,722,222	14.80%	\$316,115,746	9.58%	\$278,725,620	10.41%	2.86%	-27.95%
Provide Real Property Services and Land Mgmt	\$67,873,326	2.55%	\$126,534,731	4.27%	\$194,232,590	5.89%	\$194,661,056	7.27%	86.43%	53.50%
Provide Environmental Services	\$110,408,933	4.14%	\$131,838,169	4.45%	\$100,610,803	3.05%	\$108,527,333	4.06%	19.41%	-23.69%
Provide Utilities	\$162,313,417	6.09%	\$183,505,246	6.19%	\$169,551,713	5.14%	\$215,760,576	8.06%	13.06%	-7.60%
Facilities and Land Management	\$962,620,596	36.13%	\$1,111,656,884	37.50%	\$1,070,474,323	32.44%	\$1,070,950,966	40.02%	15.48%	-3.70%
Provide Procurement/Supply Services	\$226,811,357	3.17%	\$180,605,380	6.09%	\$198,726,776	6.02%	\$146,616,815	5.48%	-20.37%	10.03%
Provide Transportation	\$84,443,463	4.60%	\$92,028,373	3.10%	\$107,930,597	3.27%	\$102,808,418	3.84%	8.98%	17.28%
Provide Food Services	\$122,577,520	4.60%	\$177,138,500	5.98%	\$71,850,487	2.18%	\$60,272,345	2.25%	44.51%	-59.44%
Logistics Support	\$433,832,340	16.28%	\$449,772,253	15.17%	\$378,507,860	11.47%	\$309,697,578	11.57%	3.67%	-15.84%
Provide Civilian Training	\$5,966,669	0.22%	\$2,263,536	0.08%	\$5,775,494	0.18%	\$4,492,775	0.17%	-62.06%	155.15%
Provide Military Training	\$164,888,541	6.19%	\$176,652,646	5.96%	\$199,271,809	6.04%	\$146,643,435	5.48%	7.13%	12.80%
Provide Range Management	\$26,279,045	0.99%	\$33,616,423	1.13%	\$40,119,871	1.22%	\$41,106,858	1.54%	27.92%	19.35%
Provide Aviation Operation Support	\$86,547,834	3.25%	\$126,235,421	4.26%	\$122,493,127	3.71%	\$101,968,953	3.81%	45.86%	-2.96%
Provide Simulation Support	\$4,531,564	0.17%	\$2,959,536	0.10%	\$3,592,214	0.11%	\$2,292,055	0.09%	-34.69%	21.38%
Provide Visual Information	\$14,711,359	0.55%	\$17,837,830	0.60%	\$24,210,452	0.73%	\$13,535,166	0.51%	21.25%	35.73%
Training and Operations Support	\$302,925,012	11.37%	\$359,565,392	12.13%	\$395,462,967	11.98%	\$310,039,242	11.58%	18.70%	9.98%
Provide Security (Force Protection)	\$113,059,793	4.24%	\$131,721,288	4.44%	\$157,508,941	4.77%	\$112,906,774	4.22%	16.51%	19.58%
Manage Safety Programs	\$15,673,334	0.59%	\$12,543,337	0.42%	\$17,657,408	0.54%	\$13,264,733	0.50%	-19.97%	40.77%
Provide Fire Protection and Emergency Services	\$56,544,717	2.12%	\$54,029,537	1.82%	\$72,277,621	2.19%	\$72,874,712	2.72%	-4.45%	33.77%
Security and Safety	\$185,277,844	6.95%	\$198,294,162	6.69%	\$247,443,970	7.50%	\$199,046,219	7.44%	7.03%	24.79%
Provide Data Services	\$67,285,901	2.53%	\$73,039,027	2.46%	\$52,760,809	1.60%	\$35,791,293	1.34%	8.55%	-27.76%
Provide Voice	\$34,367,627	1.29%	\$40,146,466	1.35%	\$46,682,710	1.41%	\$41,700,488	1.56%	16.81%	16.28%
Provide Ground Electronic Maintenance	\$16,899,611	0.63%	\$20,465,222	0.69%	\$24,079,687	0.73%	\$13,138,116	0.49%	21.10%	17.66%
Information Technology	\$118,553,139	4.45%	\$133,650,715	4.51%	\$123,523,206	3.74%	\$90,629,897	3.39%	12.73%	-7.58%
Total Support for Operating Forces	\$2,003,208,931	75.19%	\$2,252,939,406	76.00%	\$2,215,412,326	67.13%	\$1,980,363,902	74.00%	12.47%	-1.67%
Support for Marines and their Families										
Community Services	\$1,031,194,199	38.70%	\$466,703,503	15.74%	\$657,225,520	19.91%	\$385,539,543	14.41%	-54.74%	40.82%

O&M - Total Cost of Service--as Defined by External

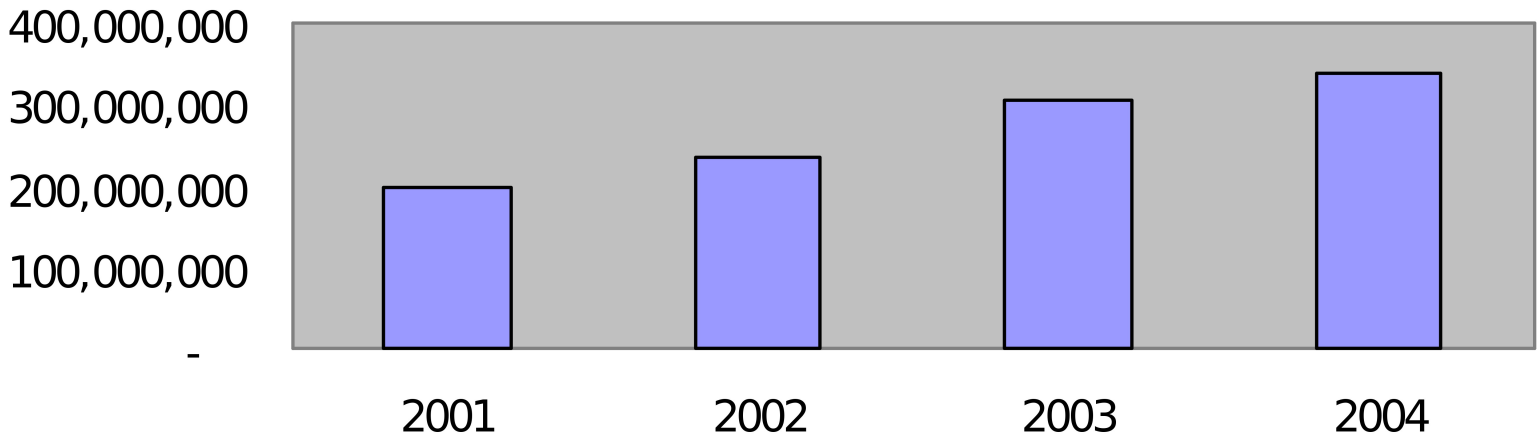




Example Internal Demand for C&P Results --Trend Analysis

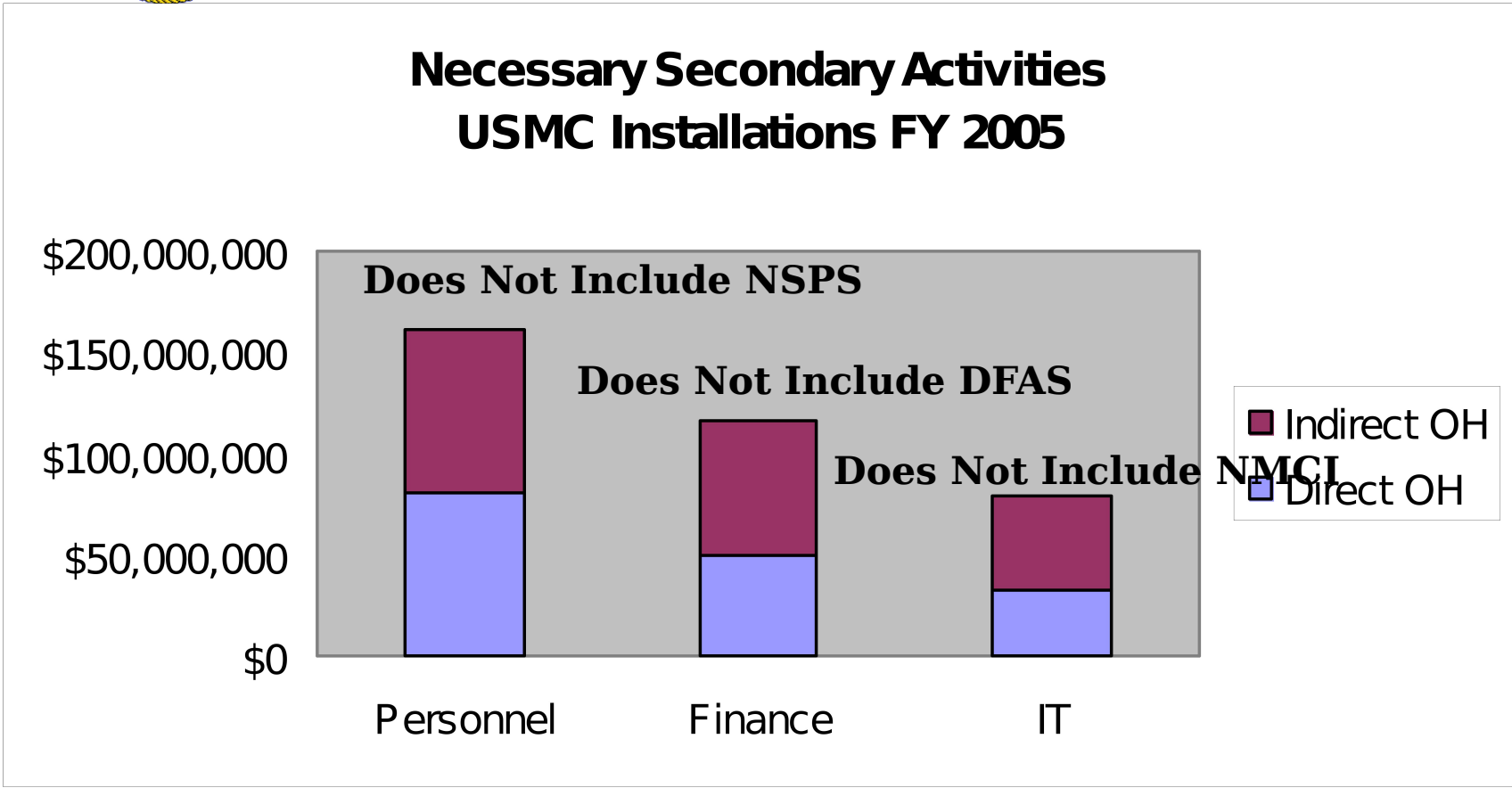
"...necessary
secondary
activities..."
HR, Finance, IT,
HQ, etc.

**USMC Bases and Stations
General and Administrative Expenses
FY 2001 - FY 2004**





C & P Includes Indirect OH



Total cost to all departments on base to prepare required admin paperwork (indirect costs) is about the same as the cost of running the admin departments themselves (direct costs)



Sources and Uses of Installation Funds

FY 2003 Sources and Use of Installation Funds

SOURCE of Funds:	OMMC 54%	Military 27%	NAF 11%		Govt of Japan 4%	Family Housing 4%	Total USMC 100%
	\$1,737,190,000 8,843	\$849,393,000 17,142	\$360,261,000 4,067	(Amount) (FTE)	\$135,786,000 3,762	\$132,563,000 362	\$3,215,193,000 34,176

USE
of
Funds:

Work



Major Business Processes	Cost	Percent	FTE	Percent
Facilities and Land Mgmt	\$1,195,675,000	37%	5,328	16%
Community Services	517,800,000	16%	6,098	18%
Training and Ops Support	402,013,000	13%	6,698	20%
Comnd and Staff Support	383,632,000	12%	5,836	17%
Logistics Support	351,042,000	11%	3,753	11%
Security and Safety	231,223,000	7%	4,670	14%
Information Technology	133,808,000	4%	1,795	5%

Total USMC
\$ 3,215,193,000
34,176

Location

Marine Corps Bases 52%	Marine Corps Air Stations 32%	Recruit Depots 10%		Logistics Bases 4%	HQ Support Activities 2%	Total USMC 100%
\$1,675,727,000 17,900	\$1,020,229,000 10,424	\$319,353,000 3,784		\$135,761,000 1,120	\$64,123,000 948	\$3,215,193,000 34,176

Customer



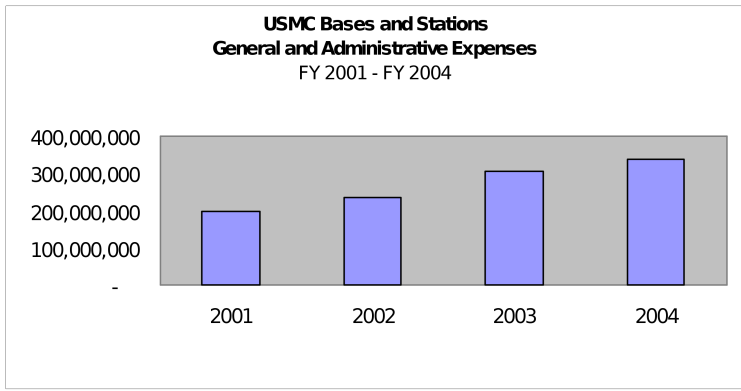
Installation Customer	Cost	FTE	%
Operating Forces	\$ 658,471,526	7,000	20%
Installation Operations	1,401,181,109	14,893	44%
Base Tenants	470,382,736	5,000	15%
Marines & their Families	685,157,628	7,283	21%

Total USMC
\$ 3,215,193,000
34,176

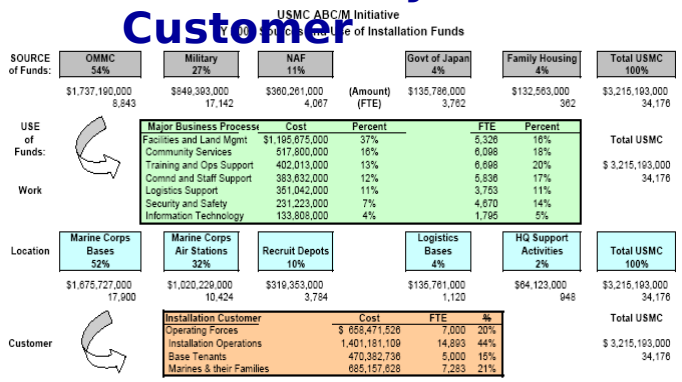


How Some types of Cost and Performance Information is Derived: Activity-based Costing (ABC)

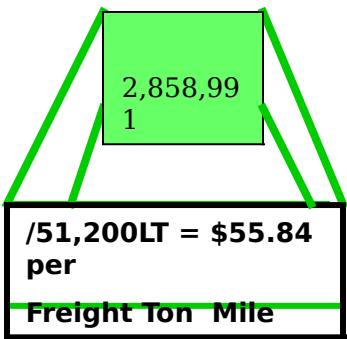
Trend Analysis



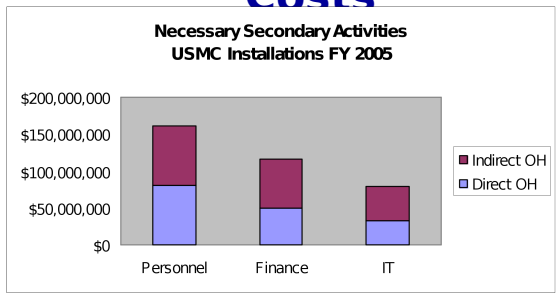
Total Cost by Customer



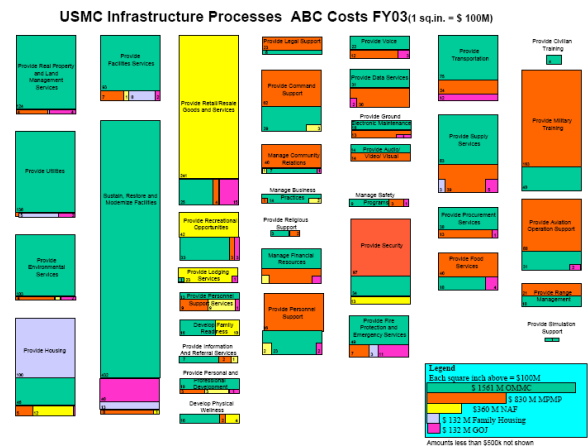
Unit Cost Calculations



Identification of Indirect Costs



Total Cost by Process



DoD Standard ABC Software Users (2004)



US DOD Agencies	Licenses	PRODUCT
Defense CEETA (Communications Electronic Evaluation & Test Activity)	4	Oros ABC/M
Defense Commissary Agency (DeCA)	1	Oros ABC/M
Defense Information Systems Agency (DISA)	12	Oros ABC/M
Defense Security Cooperation Agency (DSCA)	13	Oros ABC/M
Defense Intelligence Agency	9	Oros ABC/M
Defense Logistics Agency (DLA)	2	Oros ABC/M
Defense Logistics Agency-HQ	8	Oros ABC/M
Defense Logistics Agency - Defense Supply Center, Columbus (DSCC)	6	Oros ABC/M
Defense Logistics Agency - Defense Reutilization & Marketing Service (DRMS)	6	Oros ABC/M
Defense Logistics Agency - Defense Energy Support Center (DESC)	2	Oros ABC/M
Defense Logistics Agency - Defense Supply Center, Richmond (DSCR)	20	Oros ABC/M
Defense Finance & Accounting Services (DFAS-CP)	37	Oros ABC/M
Defense Information Systems Agency (DISA-CIM/XF)	6	Oros ABC/M
Defense Technical Information Center (DTIC)	6	Oros ABC/M
DoD Joint Total Asset Visibility Office	2	Oros ABC/M
George C. Marshall Center for Security Studies	6	Oros ABC/M
Institute for Defense Analyses	1	Oros ABC/M
Joint Forces Intelligence Command	6	Oros ABC/M
National Security Agency	1	Oros ABC/M
US Atlantic Command - J TASC	12	Oros ABC/M
TOTAL DEFENSE AGENCIES	160	
U.S. ARMY	833	
U.S. NAVY	281	
U.S. MARINE CORPS	372	
U.S. AIR FORCE	364	
TOTAL ORGANIZATIONS USING OROS	2,010	



Cost by Course of Action

COA 1	Dismantle existing ABC technology support	Total	\$
0.00			
(Discontinue ABC)			

COA 2	Data Warehouse maintenance (Engineer)
\$600K	
(Maintain ABC on Life Support)	

COA 3	Upgrade ABC Software	\$600K
(Revitalize ABC	Training, annual maintenance	300K
	Model Support Services	150K
	Data Warehouse maintenance	600K

30 July 2007

UNCLASSIFIED

30 Jul 2007
Total \$1.450K

UNCLASSIFIED

Example of Internal Demand for C&P Results--Unit Cost Calculation

	Command & Staff	Community Services	Training Support	Facility Support	Logistics Support	Information Technology	Overhead	Public Safety	Major Process
MCIWEST	\$73,733,332	\$134,977,095	\$78,112,425	\$358,288,289	\$98,048,284	\$23,688,411	\$144,510,306	\$58,685,649	\$970,043,791
TECOM	\$37,313,055	\$24,144,549	\$109,013,419	\$51,212,405	\$22,273,997	\$4,657,085	\$13,846,465	\$6,850,475	\$269,311,450
MCINCR	\$14,081,371	\$30,151,953	\$2,871,115	\$71,156,659	\$16,685,361	\$9,264,810	\$19,755,786	\$25,408,939	\$189,375,994
MCIEAST	\$109,593,746	\$82,711,733	\$98,705,715	\$348,164,500	\$88,774,959	\$24,567,759	\$88,092,930	\$48,326,117	\$888,937,468
MCIWESTPAC	\$32,969,120	\$94,282,125	\$25,126,445	\$121,014,763	\$69,232,498	\$19,488,940	\$91,896,426	\$41,599,785	\$494,610,172
MCIMIDTPAC	\$14,100,930	\$28,978,239	\$12,339,448	\$75,208,933	\$16,030,694	\$5,618,011	\$30,981,565	\$7,949,053	\$191,198,873
Region	\$281,791,554	\$395,237,694	\$326,168,657	\$1,225,045,498	\$311,045,793	\$86,285,016	\$400,083,478	\$188,820,018	\$3,003,477,748

	Supply Services	Food Services	Procurement Services	Transportation Services	Logistics Support
MCAF Quantico	\$3,004,950	\$0	\$662,849	\$0	\$3,667,799
MCAS New River	\$961,018	\$1,140,109	\$357,859	\$114,325	\$2,573,311
MCB Camp Lejeune	\$28,591,249	\$3,472,520	\$2,170,861	\$9,933,053	\$44,167,676
MCAS Cherry Points	\$6,082,427	\$2,284,376	\$2,203,912	\$3,545,769	\$14,266,484
MCAS Beaufort	\$3,597,405	\$2,361,456	\$201,710	\$1,452,279	\$7,612,850
MCLB Albany	\$1,533,730	\$0	\$32,084	\$14,921,025	\$16,486,839
MCIEAST	\$43,770,779	\$9,258,461	\$5,779,278	\$29,966,441	\$88,774,959

	Freight	Maintain	Operator	Passenger	Personnel	Fleet
Transportation Services	Lejeune	Lejeune	Lejeune	Lejeune	Lejeune	Lejeune
Camp Lejeune	2,858,991	1,856,831	1,183,133	1,866,022	474,515	

9,933,053 / 51,200 LT = \$55.84 per Freight Ton Mile

1,183,133 / 2,151 = \$550.00 per Passenger Aired

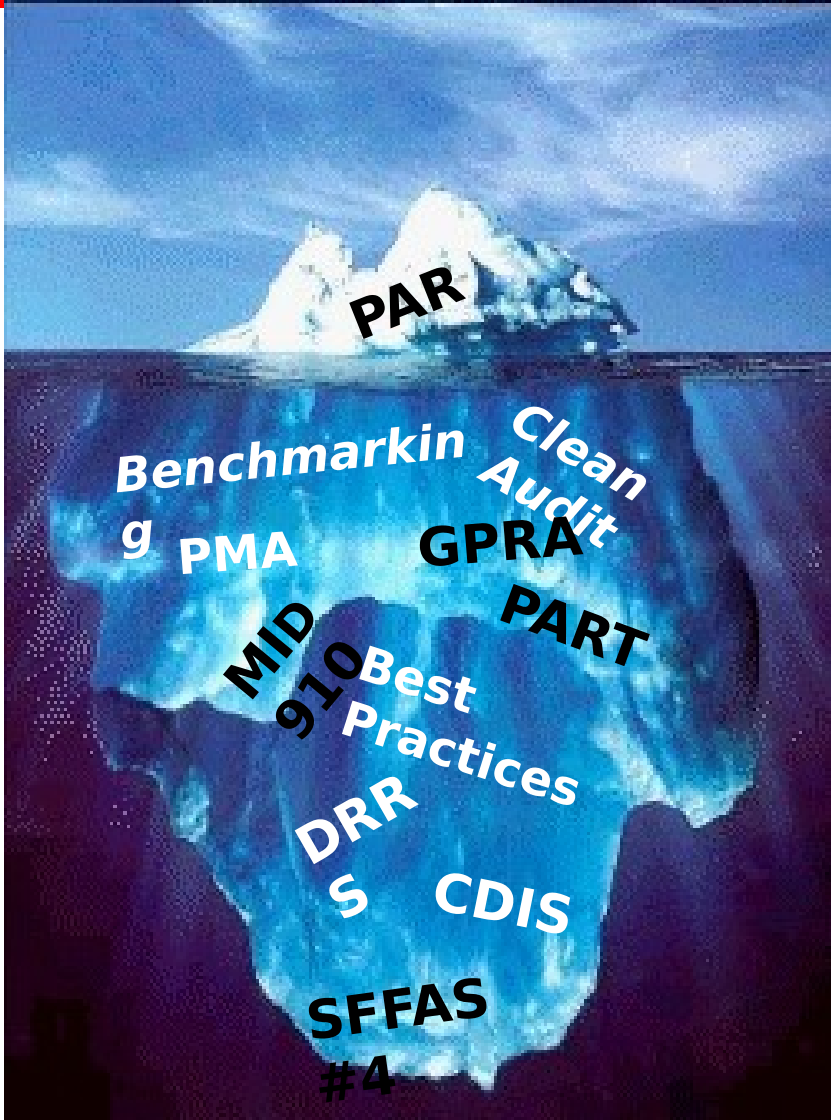
Unit Costs



Summary: Determining the Cost and Performance of Operations is Required

Question 1:

How should
C&P
information
be gathered?



Question 2:

How should
C&P
information
be used?



Obstacles...

. . . to adoption of Cost and Performance Management

Improved business processes could reduce costs by eliminating unnecessary work;

BUT...

Managers are penalized if funds are not spent by year-end.

AND

Productivity gains are needed to offset budget cuts and redirect funds to higher priority work;

BUT...

Many employees won't contribute or help carry out labor saving ideas if they think their jobs are at risk as a result.